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PAGE 01 GUANGZ 03160 01 OF 03 040718Z
 ACTION EB-01

INFO	LOG-00	AGRE-00	AIT-03	AMAD-01	CIAE-00	DODE-00	ITCE-00
	EAP-01	E-01	FRB-01	H-01	INRE-00	INR-01	IO-19
	ITC-01	JUSE-00	LAB-04	ADS-00	NSAE-00	NSCE-00	OIC-02
	OMB-01	SP-01	STRE-00	STR-20	TRSE-00	/058W	

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R 040715Z JUN 92
 FM AMCONSUL GUANGZHOU
 TO SECSTATE WASHDC 6314
 US CUSTOMS SERVICE
 INFO AMEMBASSY BEIJING
 USMISSION GENEVA
 USDOC WASHDC
 AMCONSUL SHANGHAI
 AMCONSUL SHENYANG
 AMCONSUL HONG KONG
 AIT TAIPEI 2040

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DEPARTMENT OF STATE IMIPS/CR/TRM 3/11/97
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 EXCISE DECLASSIFY EO Citations
 DENY IN PART
POIA Exemptions CLASSIFY as S or C Sec.
PA Exemptions DOWNGRADE TS to S or TS auth

UNCLAS SECTION 01 OF 03 GUANGZHOU 03160

STATE PASS USTR FOR JON ROSENBAUM

DEPT FOR EAP/CM AND EB/TEX

HONG KONG FOR SCO GRAY

USDOC FOR 4420/IEP/EAP/OPRCHK/CLUCYK

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PAGE 02 GUANGZ 03160 01 OF 03 040718Z
 TREASURY FOR DEVELOPING NATIONS FINANCE

GENEVA PASS USTR SHEPARD

BEIJING PLEASE PASS CHENGDU

E.O. 12356: N/A

TAGS: KTEX, ETRD, CH

SUBJECT: MEASURES TAKEN AND TO BE TAKEN BY THE CHINESE GOVERNMENT TO PROHIBIT ILLEGAL TRANSSHIPMENT OF TEXTILES

REF: BEIJING 14824

1. DURING U.S. AND PRC (PEOPLE'S REPUBLIC OF CHINA) TEXTILE CONSULTATIONS HELD IN GUANGZHOU MAY 29TH AND

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30TH, THE CHINESE DELEGATION (LED BY MINISTRY OF FOREIGN ECONOMIC RELATIONS AND TRADE, FOREIGN TRADE ADMINISTRATION DEPUTY DIRECTOR, HE WEI) PRESENTED THE U.S. DELEGATION WITH A PAPER IDENTIFYING ACTIONS WHICH THE CHINESE GOVERNMENT HAS TAKEN TO DATE TO COMBAT ILLEGAL TEXTILE TRANSSHIPMENTS ORIGINATING IN CHINA AND FUTURE ACTIONS CHINA INTENDS TO TAKE. THE TEXT SUMS UP MEASURES AGREED UPON BY MEMBERS OF THE CHINESE TEXTILE DELEGATION (NAMES PROVIDED IN REFTEL) DURING SEVERAL DAYS OF MEETINGS IN GUANGZHOU. THESE MEETING WERE HELD IMMEDIATELY PRIOR TO CONSULTATIONS WITH THE U.S. TEXTILE DELEGATION (LED BY JON ROSENBAUM, USTR DEPUTY CHIEF TEXTILE NEGOTIATOR). THE CHINESE DELEGATION LEADER POINTED OUT FUTURE ACTIONS PROPOSED IN THE PAPER HAVE NOT YET BEEN APPROVED BY HIGHER AUTHORITIES, BUT

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PAGE 03 GUANGZ 03160 01 OF 03 040718Z
DID NOT ANTICIPATE PROBLEMS IN IMPLEMENTING THESE
MEASURES.

BEGIN TEXT

MEASURES TAKEN AND TO BE TAKEN BY THE CHINESE GOVERNMENT TO PROHIBIT ILLEGAL TRANSSHIPMENT OF TEXTILES

MEASURES TAKEN ALREADY:

1. IN OCTOBER, 1990, MOFERT ISSUED ITS FIRST DOCUMENT TO LOCAL AUTHORITIES, MAKING IT CLEAR THAT APPARELS MADE IN CHINA WITH A LABEL OF A THIRD COUNTRY OR REGION IS ILLEGAL AND THOSE ENGAGED IN ILLEGAL TRANSSHIPMENT SHOULD BE SEVERELY PUNISHED UPON VERIFICATION.
 2. IN JANUARY, 1991, MOFERT HELD A NATIONAL MEETING ATTENDED BY LOCAL AUTHORITIES CONCERNED ON TRANSSHIPMENT ISSUE.
 3. HAVING CONSULTED WITH THE STATE ADMINISTRATION OF CUSTOMS, MOFERT PROMULGATED ITS NO. 1 NOTICE OF 1991 IN FEBRUARY ON PROHIBITING ILLEGAL TRANSSHIPMENT, STATING THE REGULATIONS AND PUNISHMENT MEASURES.
 4. ON NOVEMBER 11, 1991, UPON CONSULTATION WITH THE STATE ADMINISTRATION OF CUSTOMS AND STATE ADMINISTRATION OF IMPORT AND EXPORT COMMODITIES INSPECTION, MOFERT ISSUED A DOCUMENT TO LOCAL ISSUING AUTHORITIES WITH COPIES TO THE LOCAL CUSTOMS AND
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PAGE 04 GUANGZ 03160 01 OF 03 040718Z
COMMODITIES INSPECTION BUREAU REITERATING ITS
REGULATIONS AND BRINGING INTO PLAY OF THE ROLE OF THE
ABOVE MENTIONED TWO AGENCIES.

5. ON NOVEMBER 19, 1991, MOFERT MADE IT KNOWN BY
ISSUING A DOCUMENT THE ACTION TAKEN BY ZHUHAI LOCAL
AUTHORITY TO WITHDRAW THE CERTIFICATE OF INCORPORATION
OF A JOINT VENTURED COMPANY CALLED YUAN FAT FASHION CO,
LTD, FOR CONTINUING THE ILLEGAL TRANSSHIPMENT AFTER
MOFERT REGULATIONS.

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PAGE 01 GUANGZ 03160 02 OF 03 040719Z
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UNCLAS SECTION 02 OF 03 GUANGZHOU 03160

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PAGE 02 GUANGZ 03160 02 OF 03 040719Z
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6. ON NOVEMBER 26, 1991, MOFERT ISSUED A DOCUMENT NOTIFYING ALL IMPORT AND EXPORT CORPORATIONS TO CUT BUSINESS RELATIONS WITH A HONG KONG COMPANY CALLED LUCKY COUNTRY, LTD, (LATER CHANGED ITS NAME TO GREAT COUNTRY, LTD) WHO ENGAGED IN ILLEGAL TRANSSHIPMENT IN LARGE SCALE, WARNING THOSE WHO CONTINUE TO KEEP ILLEGAL CONTACTS WITH LUCKY COUNTRY, LTD, WILL GET SEVERE PUNISHMENT.

7. IN MARCH, 1992, ACCORDING TO THE AGREEMENT BETWEEN THE TWO GOVERNMENTS ON AMENDMENT OF THE VISA ARRANGEMENT, AND TO ASSIST THE U.S. GOVERNMENT IN THE INVESTIGATION OF ILLEGAL TRANSSHIPMENT, MOFERT ISSUED A DOCUMENT REQUIRING CHINESE IMPORT AND EXPORT CORPORATIONS TO WRITE THE NAME AND ADDRESS OF THE MANUFACTURERS ON THE TEXTILES IMPORT AND EXPORT LICENSES FROM MAY 1, 1992.

8. ON APRIL 17, 1992, MOFERT INFORMED GUANGDONG AND GUANGZHOU ISSUING AUTHORITIES TO STOP ISSUING EXPORT LICENSES CONTEMPARILY (SIC) FOR CATEGORY 338/9 FOR 1992 FOR ALL I/E CORPORATIONS HOLDING THE QUOTA. UPON INVESTIGATION AND VERIFICATION, MOFERT WILL TAKE MORE SPECIFIC ACTIONS AGAINST THOSE ACTUALLY INVOLVED IN THE ILLEGAL TRANSSHIPMENT ACTIVITIES.

9. MOFERT HAS WITHDRAWN ALL QUOTAS ALLOCATED TO

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PAGE 03 GUANGZ 03160 02 OF 03 040719Z
LICENSES CONTEMPOARILY (SIC) FOR CATEGORY 338/9 FOR 1992 FOR ALL I/E CORPORATIONS HOLDING THE QUOTA. UPON INVESTIGATION AND VERIFICATION, MOFERT WILL TAKE MORE SPECIFIC ACTIONS AGAINST THOSE ACTUALLY INVOLVED IN THE ILLEGAL TRANSSHIPMENT ACTIVITIES.

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JIANGSU PACKAGING I/E CORPORATION FOR 1992 AS A PUNISHMENT FOR INVOLVING IN THE ILLEGAL TRANSSHIPMENT OF TEXTILES.

MEASURES TO BE TAKEN:

1. FURTHER STRENGTHENING THE ROLE OF THE CHINESE CUSTOMS AND WORKING OUT MORE SPECIFIC RULES SO AS TO STOP THE GOODS WITH FALSE COUNTRY OF ORIGIN LABEL AND GOODS WITHOUT ANY LABEL BUT WITH THE INTENTION OF ILLEGAL TRANSSHIPMENT.
2. TIGHTENING CONTROL OF THE COMMODITY INSPECTION, ESPECIALLY THE INSPECTION OF THE COUNTRY OF ORIGIN CERTIFICATES AND LABELS.
3. MAKING THE LOCAL AUTHORITIES TO TAKE FULL RESPONSIBILITIES WITHIN THEIR JURISDICTION AND WILL DEDUCT THE QUOTAS FOR SPECIFIC PROVINCES AND CITIES IF THERE IS ANY ILLEGAL TRANSSHIPMENT WITH EVIDENCE INSTEAD OF MAKING THE WHOLE COUNTRY TO SHARE THE UNFAIR BURDEN OF DEDUCTED QUOTAS.
4. FURTHER CLARIFYING THE REGULATIONS ESPECIALLY THE UNCLASSIFIED

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PAGE 04 GUANGZ 03160 02 OF 03 040719Z
PUNISHMENT MEASURES AGAINST ILLEGAL TRANSSHIPMENT, WORKING OUT MORE DETAILED MEASURES FOR PUNISHMENT, NOT ONLY ADMINISTRATIVE MEASURES, BUT ALSO ECONOMIC MEASURES.

5. TAKING LEGAL ACTIONS AGAINST PEOPLE AND CORPORATIONS WHO ARE ENGAGED IN ILLEGAL TEXTILE TRANSSHIPMENT ACCORDING TO THE CHINESE LAWS CONCERNED.
6. THE STATE ADMINISTRATION OF CHINESE CUSTOMS WILL COOPERATE WITH THE U.S. CUSTOMS CONCERNED IN SEARCHING

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FOR MUTUALLY ACCEPTABLE MEASURES TO PREVENT ILLEGAL
TRANSSHIPMENT OF TEXTILES.

7. CHINESE AUTHORITIES CONCERNED ARE CONSIDERING TO
TAKE APPROPRIATE PUNISHMENT MEASURES AGAINST THE
SHANGHAI REPRESENTATIVE OFFICE OF TAIWAN RING

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INDUSTRIES LIMITED WHO HAS BEEN ACTIVELY ENGAGED IN
ILLEGAL TRANSSHIPMENT SINCE 1990 AND TAKE ACTIONS
AGAINST OTHER ENTERPRISES AND AGENCIES WHO EN
GAGE IN
SIMILAR ACTIVITIES UPON VERIFICATION.

8. A SPECIAL WORKING GROUP CONSISTING OF
REPRESENTATIVES FROM STATE ADMINISTRATION OF CUSTOMS,
THE STATE COMMODITIES INSPECTION BUREAU AND MOFERT WILL
BE SET UP TO INVESTIGATE THE ILLEGAL TRANSSHIPMENT
PROBLEMS. THIS GROUP WILL, AT THE SAME TIME, TAKE
SPECIFIC ACTIONS AGAINST THOSE ENTERPRISES AND PERSONS
WHO ARE PROVED TO BE ENGAGED IN ILLEGAL TRANSSHIPMENT.
THESE ACTIONS MAY INCLUDE DEDUCTING AND WITHDRAWING
QUOTAS, RESCINDING THE CERTIFICATE OF INCORPORATION,
TAKING ECONOMIC AND LEGAL MEASURES WHEN NECESSARY.

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PAGE 03 GUANGZ 03160 03 OF 03 040719Z

END TEXT

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